(Figures in Thousands of Kazakhstani Tenge) Notes forming part of the financial statements – March 31,2017

PUNJ LLOYD KAZAKHSTAN, LLP

Financial Statements

For the Year Ended March 31, 2017 With Independent Auditor's Review

(Figures in Thousands of Kazakhstani Tenge)

Notes forming part of the financial statements – March 31,2017

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INDEPENDENT AUDITORS 'REPORT

To the founder of « PUNJ LLOYD KAZAKHSTAN » LLP

Opinion

We have audited the accompanying financial statements of LLP Punj Lloyd Kazakhstan (the "Company"), which comprise the balance sheet as at 31 March 2017, reports about the profit and damages and other comprehensive income, statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of March 31, 2017, and its financial results and cash flows for the year 31 March 2017 in accordance with International Financial Reporting Standards ("IFRS").

Basis for Qualified Opinion

We conducted our audit in accordance with International Standards on Auditing. Our responsibilities in accordance with these standards are described in the section below.

"The responsibility of the auditor for the audit of financial statements" of ourreport..

We are independent of the Company in accordance with the

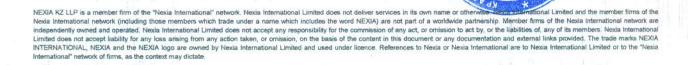
Ethical requirements applicable to our audit of financial statements in the Republic of Kazakhstan, and we have fulfilled other ethical duties in accordance with these requirements. We believe that our audit evidence is sufficient and appropriate to serve as a basis for expressing our opinion.

Management's responsibility and those responsible for the corporate governance of financial statements

Partnership management is responsible for the preparation and fair presentation of these financial statements in accordance with IFRS, as well as the internal control procedures that are appropriate in the opinion of management, to ensure the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the ability of the Partnership to continue its activities continuously, for disclosure of appropriate information relating to business continuity, and for drawing up reports on the basis of going concern basis, except in cases when the leadership intends to liquidate the Partnership to cease its activities, or when it does not have any other real alternative other than liquidation or winding-up.

Those responsible for corporate governance are responsible for overseeing the preparation of financial statements of the Partnership.





Responsibility of the auditor for the audit of financial statements our goal is to obtain reasonable assurance whether the financial statements are free from material misstatement, whether due to fraud or error, and issue an audit report containing our opinion. Reasonable assurance is a high degree of confidence, but it is not a guarantee that an audit conducted in accordance with International Standards on auditing, always identifies material misstatements, if any. Distortion can be the result of fraud or error, and considered essential, if one can reasonably assume that, individually or taken together, they could influence the economic decisions of users taken based on the financial statements.

As part of an audit conducted in accordance with International Standards on Auditing, we apply professional judgment and maintain professional skepticism throughout the audit. In addition, we perform the following:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error; we develop and carry out audit procedures in response to these risks; obtain audit evidence is sufficient and appropriate to provide a basis for our audit opinion. The risk of not detecting a material misstatement resulting from fraud is higher than the risk of not detecting a material misstatement resulting from error, a sunscrupulous actions may include collusion, forgery, deliberate omission, a distorted view of information or action to bypass the internal control system;
- we obtain an understanding of internal control relevant to the audit, to develop audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control system of the Association;
- assess the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures prepared by management;
- we conclude on the legality of applying the going concern assumption, and on the basis of the audit evidence obtained a conclusion whether there is significant uncertainty in relation to events or conditions that result can be considerable doubt as to the Company's ability to continue its operations continuously. If we conclude that there is significant uncertainty, we must draw attention in our report to the appropriated is closures in the financial statements, or if such disclosure is inadequate, modify our opinion. Our findings are based on audit evidence obtained prior to the date of our audit report. However, future events or conditions may lead to the fact that the Partnership will lose the ability to continue its operations continuously;
- •we assess the presentation of the financial statements as a whole, its structure and content, including the disclosure of information, and that is whether the financial statements of the underlying transactions and events so that they are fair presentation was provided.





We provide information interaction with those responsible for corporate governance, bringing to their attention, among other things, information about the planned scope and timing of the audit, as well as on significant observations on the results of the audit, including the significant hort comings of the internal control system, which we reveal during the audit.

31 march 2017 Almaty, Kazakhstan

TOO «Nexia KZ»

No. 15000388 dated January 12, 2015,

Director of LLP "NEXIAKZ"

Director of LLP "NEXIAKZ"

Issued by the Financial Control Committee

Auditor activity (the Qualification

15 2002)

Ministry of Finance of the Republic of Kazakhstan

Sipakov V.N.

State license for the occupation Managing

Balance Sheet as at March 31,2017

(Figure in Thousands of Kazakhstani Tenge)

| Non-Current assets : | Note | 31-March-17 | 31-Mar-16 |
|-------------------------------|----------|-----------------|--|
| Intangible Assets | | | |
| Software | | ji e | |
| Deferred Tax Asset | 4- | | |
| Tangible Assets | - | er | |
| Property, plant and equipment | 3 | 248,676 | 383,178 |
| | | 248,676 | 383,178 |
| Current assets: | | | |
| nventories and work in | 4 | 596,992 | 728,480 |
| progress | 4 | 330,332 | 720,400 |
| rade and other receivables | 5 | 101,875 | 107,077 |
| Bank balance and Cash | 6 | 418 | * 360 |
| | i i | 699,285 | 835,917 |
| Current liabilities: | LILLIA I | | |
| Trade and other payables | 7 | 3,520,764 | 4,053,942 |
| Bank loan and overdraft | 8 | 1,752,683 | 1,882,945 |
| | - | 5,273,447 | 5,936,887 |
| let current assets | | 2 W | |
| | | (4,325,485) | (5,100,970) |
| Deferred Tax Liability | | | A STATE OF THE STA |
| Net assets | * | (4,325,485) | (4,717,792) |
| Represented By: | | | |
| Shareholders funds | | | |
| Share capital | 1 | 1,107,977 | 1,107,977 |
| Retained earnings | | (5,433,462) | (5,825,769) |
| | | (4,325,485) | (4,717,792) |

ZAKHSTAN"
(II)GENERAL DIRECTOR

CHIEF ACCOUNTANT

This balance sheet is checked by auditors. Please see auditor's report

AUDITOR

SEAL



(Figure in Thousands of Kazakhstani Tenge)

Income Statement for the period ended March 31, 2017

| | Note | 31-March-17 | 31-March-16 | |
|--------------------------------|------|---|-------------|---|
| Revenue | 2 | | | |
| Less Cost of sales | | | | |
| Gross profit | | | | |
| General and administrative | | | | |
| expenses | | (401,493) | (568,836) | |
| Other operating income | | 337,205 | 34,558 | |
| Foreign exchange loss/ (gain). | | 456,596 | (2 547 402) | |
| net | | NAME OF TAXABLE PARTY OF TAXABLE PARTY OF TAXABLE PARTY OF TAXABLE PARTY. | (2,517,103) | |
| Operating profit | | 392,307 | (3,051,382) | |
| Finance costs | | | | |
| Profit before income tax | | 392,307 | (3,051,382) | |
| Income tax | 10 | | | |
| Deferred Tax liability | - 17 | | | |
| Deferred Tax | | | | |
| Profit after tax | | 392,307 | (798,703) | *************************************** |
| | | | | |

LGENERAL DIRECTOR

CHIEF ACCOUNTANT

IJAXCTAH)

AUDITOR

SEAL



(Figures in Thousands of Kazakhstani Tenge)

Statement of changes in Shareholder's Equity for the period ended March 31,2017

| | Note | Share capital | Reserves | Total shareholder's equity |
|---|---|--|-------------|----------------------------------|
| Balance at April 01, 2016 | | 1,107,977 | (5,825,770) | (4,717,792) |
| Add: Net income for the period ended | ************************************** | mperior and analysis and an objective and an analysis of the second and an analysis of the second and an analysis of the second and analysis of the second analysis of the second and analysis of the second analysis of the second analysis of the second and analysis of the second | 392,307 | 392,307 |
| March 31,2017 Balance at March 31,2017 | COLUMN TO THE PROPERTY OF THE | 1,107,977 | (5,433,462) | (4,325,485) |

"PUNJ LLOYD KAZAKIGENERAL DIRECTOR TATO HEF ACCOUNTANT

AUDITOR

SEAL

(Figures in Thousands of Kazakhstani Tenge)

Notes forming part of the financial statements - March 31,2017

1. STATUS AND ACTIVITIES

Punj Lloyd Kazakhstan LLP (the "Company") was established as a limited liability partnership under the Laws of the Republic of Kazakhstan and registered with the Ministry of Justice of the Republic of Kazakhstan on September 03, 2002. As at March 31,2017 the Company was fully owned by Punj Lloyd Limited Registered in New Delhi ('Punj Lloyd Ltd."), a company established under the Laws of India.

The Company is presently engaged in construction of projects for Agip KCO for two export pipelines construction for AGIP's Karachaganak refinery complex.

2. SIGNIFICANT ACCOUNTING POLICIES

a. Basis of accounting

These financial statements are prepared under the historical cost convention and in accordance with International Financial Reporting Standards (IFRS) issued by International Accounting Standards Board (IASB), interpretations issued by IASB and applicable Commercial Laws of Republic of Kazakhstan. The significant accounting policies adopted are as follows:

b. Property, plant and equipment

Property, plant and equipment are stated at cost, less accumulated depredation and impairment in value

c. Inventories and work in progress

Project Materials (excluding scaffoldings):- Lower of cost or net realizable value. Cost is determined on weighted average basis.

Scrap:- Net realizable value.

Work in progress – projects – Net realizable value.

Scaffolding (included in Project Materials) Cost less amortization/charged based on their useful life, which is estimated at seven years.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

Financial assets

The financial assets consist of cash, trade and other receivables. Cash consists of cash on hand and cash held on bank current accounts and on short-term deposits.

d. Cash and cash equivalents

For the purpose of the preparation of the statement of cash flows, cash and cash equivalents include cash and bank balances (including fixed deposits).

(Figures in Thousands of Kazakhstani Tenge)

Notes forming part of the financial statements - March 31,2017

e. Revenue recognition

Income from construction contracts is recognized on percentage of completion of contract method. Percentage of completion is determined on the basis of total cost incurred to date of estimated final costs to completion. No profit is recognized unless there is reasonable progress on the contract. Losses on contracts are recognized when first identified. The effect of any adjustment arising form revisions to estimates is included in the income statement of the period in which revisions are made.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

| f. Revenue | 31-March-17 | 31-Mar-16 |
|---|-------------|-----------|
| thems from thems to prove | | |
| Progress Billing | | |
| Movement of balance of Work in Progress During the period | 3-17-5-2 | |
| | | |

Depreciation is consistently provided on the straight-line basis so as to write off the cost of the property, plant and equipment over their expected useful lives. The depreciation has been provided as per the following rates:

| | III gr EgW | | Depreciation Rate |
|----------------------------|------------|--|-------------------|
| Building and constructions | * * | | 10% |
| Machinery and Equipment | | | 25% |
| Vehicles | | | |
| - Buses - Other | | | 10% |
| Software | | | 30% |
| Furniture and Fixtures | | | 10% |
| | | | 1070 |

g. Impairments

The carrying amounts of the assets are reviewed at each balance sheet date to determine whether the assets has been impaired during the year. Where an asset has been impaired, the recoverable amount of the asset is determined. Where the carrying amount exceeds the recoverable amount, the asset is written down to its recoverable amount. The resultant impairment loss is recognized as an expense in the income statement.



(Figures in Thousands of Kazakhstani Tenge)

Notes forming part of the financial statements - March 31,2017

h. Foreign currency transactions

Foreign currency transactions are recorded in Kazakhstan Tenge at the rates of exchange on the date of transaction. Monetary assets and liabilities in foreign currencies, if any, are translated to Kazakhstan Tenge at rates of exchange on the balance sheet date. All gains or losses on exchange are taken to the income statement.

i. Accounts receivable

Accounts receivable are stated at original voice amount less provision for uncollectible amounts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off as incurred.

j. Accounts payables and accruals

Liabilities are recognized for amounts to be paid in the future for goods or services received, whether billed by the supplier or not.

3. Property, Plant and Equipment

| | . Land | Buildings and constructions | Machinery and equipment | Vehicles | Furniture and fixture | Total |
|--|----------|-----------------------------------|-------------------------------|----------|-----------------------------|-----------|
| COST At Apr 01, 2016 Additions during the year | 44,460 | 637,340 | 407,780 | 649,596 | 196,063 | 1,935,239 |
| Disposals / Transfers during the year | H | 28,890 | 243,892 | 535,398 | 16,329 | 824,509 |
| At March 31,2017 | 44,460 | 608,450 | 163,888 | 114,198 | 179,734 | 1,110,730 |
| <u>DEPRECIATION</u> | | ll lle | | | • | 1 |
| At Apr 01, 2016 | or iki 🤝 | 452,666 | 371,505 | 584,029 | 143,860 | 1,552,060 |
| Charge for the year | - | | | | | |
| Disposals / Transfers during the year | | 34,282 | -227,111 | 494,490 | -2,687 | -690,006 |
| At March 31,2017 | | 486,948 | 144,394 | 89,539 | 141,173 | 862,054 |
| NET BOOK VALUE | | | | | | |
| NEI BOOK VALUE | | | | | | |
| At Apr 01, 2017 | 44,460 | | | | | |
| At March 31,2017 | 44,460 | 121,502 | 19,494 | 24,659 | 38,561 | 248,676 |



(Figures in Thousands of Kazakhstani Tenge)

Notes forming part of the financial statements – March 31,2017

| | Software |
|---------------------------|----------|
| Cost | |
| At April 01, 2016 | 0 |
| Additions during the year | |
| At March 31,2017 | 0 |
| Depreciation | |
| At April 01, 2016 | 8 8 |
| Charge for the year | |
| At March 31,2017 | 0 |
| Net Book Value | - |
| At April 01, 2016 | |
| At March 31,2017 | 0 |

4. Inventories and work in progress

| | | 31-March-17 | 31-March-16 | |
|---|---|-------------|-------------|--|
| Inventories | | | 596,992 | |
| Work in Progress | * | 0 | 0 | |
| part of the state | | 728,480 | 729,478 | |

5. Trade and Other receivables

| | 31-March-17 | 31-Mar-16 |
|---|-------------|-----------|
| Trade Receivables | 96,632 | 94,928 |
| Advances | 355 | 1,144 |
| Pre-payments distance and the second second | 1,258 | 980 |
| Other receivables | 3,629 | 10,025 |
| | 101,875 | 107,077 |



(Figures in Thousands of Kazakhstani Tenge)

Notes forming part of the financial statements - March 31,2017

6. Related Party transactions

The Company, in the ordinary course of business, enters into trading and financial transactions with parties, which fall within the definition of "related party" as defined in International Accounting Standard 24. These related parties are under common control. The Management believes that the terms of such transactions are not materially different from those that could have been obtained from unrelated parties. The amounts due from / to related parties are unsecured, interest free and are repayable on demand.

The amount due to related parties included in Trade and Other Payables as on 31.03.2017 is KZT 3,334,467 thousands (As on 31.03.2016 due from Trade and Other Payables KZT 3,633,922 thousands)

7. Bank Balances and Cash

| | 31-March-17 | 31-Mar-16 |
|-------------------------------|-------------|-----------|
| Bank Balances | | |
| KZT | | |
| Dollars | | |
| Fixed Deposit | | 360 |
| Cash on hand | | |
| Money in transit | | |
| | <u> </u> | 360 |
| 8. Current Liabilities | 31-March-17 | 31-Mar-16 |
| Trade payables | 3,391,949 | 3,741,826 |
| Advance payment from customer | | |
| Accruals and provisions | 163 | 2,027 |
| Other Payables | 128,651 | 310,089 |
| | 3,520,764 | 4,053,942 |



(Figures in Thousands of Kazakhstani Tenge)

Notes forming part of the financial statements - March 31,2017

9. Loans and overdraft

| | 31-March-17 | 31-Mar-16 |
|---|-------------|-----------|
| Bank Loans | | |
| SBI / ICICI Bank | | 0 |
| Loans from Shareholder /other related parties | | |
| Punj Lloyd Limited | 1,422,145 | 1,522,723 |
| Interest on Loan | 330,538 | 360,222 |
| Total loans including overdraft | 1,752,683 | 1,882,945 |

Out of total loans received from Punj Lloyd Limited KZT 1,422,1453thousand (USD 4,517 million) bear interest at 0% p.a.

10. Provision for Tax

| | ,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,, | | , 31-March-17 | 31-Mar-16 |
|--------------|---|---|---------------|-----------|
| Provision fo | or Corporate Tax | | | |
| Deferred Ta | ix | | | |
| | | | 0 | 0 |
| | | N | 0 | 0 |

11. Financial instruments

Fair Value

The Management believes that the fair values of financial assets and liabilities are not significantly different from their carrying amounts at balance sheet date.

Interest rate risk

The company is exposed to interest rate risk from its interest earning financial assets and interest bearing liabilities. The effective interest rates on financial assets and liabilities are at commercial rates negotiated from time to time.

Foreign Exchange rate risk

The Company is exposed to foreign exchange rate risk as the US Dollar is constant against the Kazakh Tenge. The rate of US \$ 1 as on March 31,2017 was Kazakhstani Tenge 314.79 as against 343.06 on March 31, 2016



(Figures in Thousands of Kazakhstani Tenge)

Notes forming part of the financial statements - March 31,2017

12. Contingent liabilities and other commitments

At the balance-sheet date, the company had the following contingent liabilities and other commitments

| AME . | 31-March-17 | 31-Mar-16 |
|---|-------------|-----------|
| Outstanding Letter of credit (in USD) | | |
| Letter of Guarantee on AGIP and KSS by Citibank | 0 | 0 |
| 1 N N | 0 | 0 |

13. Comparative figures

Previous year figures have been regrouped whenever necessary to confirm to the current year's presentation.

LLOYD GENERAL DIRECTOR

INVITATE ACCOUNTANT

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AUDITOR

SEAL

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